



STATE OF WASHINGTON

OFFICE OF THE FORECAST COUNCIL

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FOR IMMEDIATE RELEASE

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OLYMPIA, June 17, 2004 --- The U.S. and Washington economies are finally producing significant and sustained job gains in recent months setting the stage for a virtuous cycle of growth in jobs, incomes, and production. Washington employment grew at a 3.1 percent rate in the first four months of this year adding nearly 30,000 jobs. The improved economy is reflected in higher than expected revenue collections since February.

Excluding 2004 legislation which was incorporated into the forecast in June, the June forecast is up \$185.5 million (0.8 percent) from the February forecast and the forecast for the 2005-07 biennium is up \$61.7 million (0.2 percent). The total change, excluding legislation, for the two biennia is an increase of \$247.2 million.

The June forecast includes the impact of 2004 legislation which reduces General Fund-State revenue in the current biennium by \$86.4 million and by \$264.7 million in the 2005-07 biennium. The June 2004 forecast, including legislation, for the 2003-05 biennium now is \$22,996.3 million and the forecast for the 2005-07 biennium is \$24,750.4 million.

As required by law, optimistic and pessimistic alternative forecasts were developed for the 2003-05 biennium. The forecast based on more optimistic economic assumptions netted \$355 million (1.5 percent) more revenue than did the baseline while the pessimistic alternative was \$309 million (1.3 percent) lower. An alternative forecast based on the average view of the Governor's Council of Economic Advisors yielded \$49 million (0.2 percent) more revenue than did the baseline forecast.

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